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MANAGEMENT & SOCIETY

**RESEARCH  
SEMINAR**



EMPOWERING CHANGEMAKERS FOR A BETTER SOCIETY

## **“ON TOP OF THE GAME? THE DOUBLE-EDGED SWORD OF INCORPORATING SOCIAL FEATURES INTO FREEMIUM PRODUCTS”**

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A joint work with Joe Ploog



### **ABSTRACT**

Freemium products rely on widespread diffusion for their success. One way to do this is by incorporating social features (e.g., multiplayer functionality, virtual collaboration, ridesharing), which can generate network effects and result in a product becoming a superstar. However, social features can be a double-edged sword: When the market for freemium products is large, social features can significantly boost a product’s appeal resulting in more adoption, more usage, and more in-app purchases; but when the market is constrained, network effects might fall short and users may feel they are missing out on key aspects of the product. We test this dynamic on a sample of 9,700 games on Steam. Findings contribute to our understanding of network effects, freemium strategies, and superstar products in platform markets.